



EDITORIALS

Piecemeal won't do

Recession isn't city's biggest long-term budget problem

By approving Mayor Jerry Sanders' proposal to trim spending by \$179 million over the next 18 months, the San Diego City Council has eased the budget crisis. But we're troubled by the increasingly common view that the sharp economic downturn is now the main reason for the city's fiscal woes – not a long history of bad decisions, starting with the 1996 and 2002 votes to intentionally underfund the pension system. Unfortunately, the mayor – whose budget leadership we have often praised – also has taken to suggesting the recession is problem No. 1.

That's not how it looks to the members of the Citizens' Fiscal Sustainability Task Force, a private group that recently completed a five-month review of San Diego's finances, and that's not how it looks to this editorial page. The task force's report notes that pension trickery is only one way San Diego has created the illusion of balanced budgets, citing the failure to set aside enough money each year to pay for promised but unfunded retiree health benefits and the city's habitual underfunding of reserve accounts and deferring expenses to future budgets.

Task force leaders Vincent Mudd, a local business owner, and Bill Roper, who runs an investment firm, told the *Union-Tribune* editorial board that the city has a vast structural deficit that can't be erased without aggressive efforts to reduce employee compensation costs, by far the biggest chunk of the city budget. Among their recommendations:

- The city needs to shed much of its unfunded

long-term retirement health care costs.

As City Attorney Jan Goldsmith has documented, these benefits – which are given both to retirees and to employees hired before recent changes won by Sanders – are not vested, which means they can be withdrawn.

We do not, repeat, do not support leaving any city retiree high and dry without health coverage. But the fact is that most of these retirees are eligible for Medicare, the retiree health care system most Americans use. Anyone who has contributed to Medicare through payroll deductions for at least 10 years is eligible. Except for 1982-86, all city employees have been paying into Medicare. Besides the retirees with small pensions who would face a hardship, there is no reason Medicare-eligible city employees or retirees should get city-paid health care.

- San Diego's government needs to downsize radically, starting with eliminating 800 vacant positions and moving on to changes in the City Charter to reduce the number of classified positions that have limited flexibility. "The city should be a service provider at the lowest possible cost and the greatest possible value, not an employment service," Mudd told us.

He's absolutely right. It's imperative that the City Council get out of the way so outsourcing of city services can proceed as quickly as possible.

But few city officials will act with urgency if they think budget woes will disappear when the economy recovers. It's time this fantasy disappeared.